

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6586**

**BILL NUMBER:** HB 1230

**DATE PREPARED:** Mar 4, 2002

**BILL AMENDED:** Feb 28, 2002

**SUBJECT:** Annexation.

**FISCAL ANALYST:** Valerie Ruda; Chris Baker

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**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) The bill adds Brownsburg, Danville, Fortville, McCordsville, Cumberland, Rushville, Bluffton, and Carmel to the municipalities that may exempt annexed agricultural land from property tax liability until the land is rezoned under a different classification. It requires territory annexed by Avon, Plainfield, Danville, and Brownsburg in Hendricks County to be contained within one township. (Under current law, territory annexed by Avon and Plainfield in Hendricks County is required to be contained in one township.) The bill also updates population parameters to reflect changes in the 2000 decennial census.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Under current law, all Lake County municipalities and Plainfield, Avon, Michigan City, and Westfield may annex property classified as agricultural and exempt that property from the municipality's portion of property taxes until the property's classification is changed. This bill would allow Brownsburg, Danville, Fortville, McCordsville, Cumberland, Rushville, Bluffton, and Carmel to do the same, except as provided for those municipalities in Hendricks County.

Agricultural land has a relatively low value for property tax purposes. Exemptions of this type of property from property taxes would not represent very much valuation. This provision would not reduce the property tax base for those taxing units that currently serve the property. The provision would, however, keep the value of this property from being added to the municipality's tax base. The exemption would prevent the

shifting of municipal property taxes onto agricultural land. Total local revenues would not be affected.

A municipality could annex agricultural property in anticipation of a future project. A building project could ultimately have a positive fiscal impact in and surrounding the town.

**State Agencies Affected:**

**Local Agencies Affected:** Avon, Plainfield, Brownsburg, Danville, Fortville, McCordsville, Cumberland, Rushville, Bluffton, and Carmel.

**Information Sources:**